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Message Text

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43
ACTION NEA-12

INFO OCT-01 EUR-25 EA-11 ISO-00 EB-11 COME-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 DRC-01 AID-20 /158 W
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R 171338Z JAN 74
FM USINT CAIRO
TO SECSTATE WASHDC 5050
INFO AMEMBASSY BEIRUT
AMEMBASSY BELGRADE
AMEMBASSY BONN
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO

C O N F I D E N T I A L CAIRO 0272

FROM HOUGHTON

EO 11652: GDS
TAGS: PBOR EG
SUBJECT: SUEZ CANAL CLEARING AND DEVELOPMENT PLANS

1. CALVIN SHRUM, AVCO REP IN BEIRUT, HAS GIVEN US FOLLOW-
ING DETAILS OF SUEZ CANAL AUTHORITIES (CSA) PLANS FOR
REOPENING AND CLEARANCE OF CANAL. THESE RESULTED FROM
CONVERSATION WHICH SHRUM HAS HELD IN HIS SEARCH FOR A
ROLE FOR AVCO IN SCA'S FUTURE PLANS.

2. PHASE I AND II. PHASE I, WHICH SCA BELIEVES WILL
TAKE FOUR TO SIX MONTHS, WILL INVOLVE CLEARING CANAL
OF VESSELS AND REMOVAL OF EXPLOSIVES AND MINITIONS FROM
CANAL'S IMMEDIATE VICINITY. EGYPTIAN ARMED FORCES
WILL HAVE PRIMARY JOB OF REMOVING EXPLOSIVES, ALTHOUGH
SOME TECHNICAL WORK MAY BE CONTRACTED TO FOREIGN FIRMS.
PHASE II, CLEARING CANAL OF SILT AND IMPROVING IT TO
1967 STANDARDS WILL PROCEED CONCURRENTLY WITH PHASE I, AND
WILL CONCLUDE APPROXIMATELY ONE YEAR AFTER INITIATION OF
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WORK. SCA IS PRESENTLY IN ADVANCE STATE OF NEGOTIATIONS

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WITH CONSORTIUM OF GERMAN (HULRICH HARMS), YUGOSLAV
(BRODOSPAS) AND DUTCH (SCHMIDT) FIRMS. CONTRACT HAS NOT
YET BEEN SIGNED, BUT SCA STATES THAT IT IS IMMINENT.

3. PHASE III INVOLVES CONTINUED REPAIR AND DREDGING OF
CANAL WITH MAJOR PLANS FOR ITS WIDENING AND DEEPENING TO
HOLD SUPER TANKERS IN BALLAST. SCA STATES THAT JAPANESE
GOVERNMENT HAS ORGANIZED CONSORTIUM OF JAPANESE DREDGING
FIRMS AND HAS SHOWN GREAT ENTHUSIASM IN MAKING MAJOR PLAY
FOR PROJECT. ACCORDING TO SCA, 35 PERCENT OF TOTAL WORK HAS
BEEN COMMITTED IN PRINCIPLE TO FOREIGN CONTRACTORS; 30 PERCENT
WILL BE GIVEN TO EGYPTIAN COMPANIES; THE REMAINING 35 PERCENT HAS
NOT BEEN COMMITTED AND MAY BE SPLIT BETWEEN FOREIGN AND LOCAL
FIRMS. ACCORDING TO SCA, THERE HAS BEEN US INTEREST
IN THIS PHASE (SHRUM BELIEVES THIS MEANS BECHTEL CORP.)
BUT JAPANESE ARE FAR AHEAD IN SECURING CONTRACT.

4. SHRUM MADE TWO IMPORTANT POINTS IN HIS DESCRIPTION OF
SCA'S PLANS. THE FIRST IS THAT, TO ALL APPEARANCES, SCA
IS PREPARED TO MOVE ALMOST IMMEDIATELY ON BOTH PHASE I
AND II, AS SOON AS POLITICAL GREEN LIGHT IS GIVEN. THE
SECOND POINT IS THAT THE GOE IS EVIDENTLY NOT WORRIED
ABOUT FINANCIAL ASPECTS OF CLEARING AND DEVELOPING CANAL.
SHRUM WAS TOLD BY SCA OFFICIALS THAT CONTRACTS TO FOREIGN
FIRMS FOR ANY PHASE OF WORK WOULD NOT BE TIED TO FINANCING,
SINCE THIS ASPECT WAS "ASSURED."
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INTERNATIONAL CANALS, DREDGING, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CAIRO00272
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740136/aaaabhmv.tel
Line Count: 88
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 01 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 MAY 2002 by martinml>; APPROVED <24 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUEZ CANAL CLEARING AND DEVELOPMENT PLANS
TAGS: PBOR, EG, SUEZ CANAL AUTHORITY (SCA)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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